

**STAFF WORK ADVISORY TEAM  
QUESTIONS AND ANSWERS REGARDING  
AUTHORIZATION AND UTILIZATION REVIEW (UR)**

**Q1. Regarding planned admissions to hospitals:**

**Must an MHP utilize a prior authorization process? And, once an admission is approved, can an Mental Health Plan (MHP) concurrently approve one day, then switch to retrospective review? Or, must the whole stay be authorized on a concurrent basis?**

A1. *The MHP Point of Authorization (POA) must authorize planned psychiatric hospital admissions in advance of the admission. Concurrent review varies among MHPs. There are no state standards for concurrent review. MHPs must establish their own policies and procedures for the frequency and level of review during inpatient stays and must issue NOAs as required. MHPs may authorize payments for up to seven calendar days of psychiatric hospitalization in advance of service provision per California Code of Regulations (CCR), Title 9, §1820.220(i). Authorization occurs when the MHP's POA approves the Treatment Authorization Request (TAR). Chart or other review during inpatient stays is not considered authorization.*

**Q2. Can an MHP, by way of the contract with the Fee-for-Service/Medi-Cal (FFS/MC) hospital, require all admissions (emergency and planned) to be authorized on a retrospective basis and thus, not be subject to the NOA process?**

A2. *The MHP's POA must authorize planned FFS/MC hospital admissions in advance of the admission. The CCR, Title 9, Chapter 11, §1820.220(b)(1) requires that hospitals submit a request for MHP payment authorization prior to the planned admission. §1820.220(i) specifies that MHPs may authorize payments for up to seven calendar days of psychiatric hospitalization in advance of service provision. If an MHP denies the request for payment for a planned admission and the services are therefore not provided, the MHP must send an NOA-B in accordance with CCR, Title 9, Chapter 11, §1850.210.*

*The MHP's POA authorizes payment for emergency FFS/MC hospital admissions on a retrospective basis, as the MHP only approves or denies the payment request following discharge (see §1820.220 for exceptions). MHPs cannot require prior authorization for emergency admissions. Even if the MHP denies payment for a portion of the inpatient days, sending an NOA is not necessary. NOAs are not required when the payment authorization is denied, but the services have already been provided per CCR, Title 9, Chapter 11, §1850.210(a)(1).*

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**Q3. Can an MHP prohibit planned admissions into FFS/MC hospitals if the MHP has its own hospital(s) or identified contract hospitals for planned admissions of children and adults?**

A3. *MHPs must ensure that planned admissions occur when the MHP determines that they are necessary. An MHP can opt to only use its own facilities for planned admissions for adults and children if feasible and clinically appropriate. MHPs should note that this might be perceived by contract FFS/MC hospitals as a conflict of interest. If an MHP opts to not allow planned admissions at a contract hospital, this should be clearly addressed in the contract. MHPs must have a process in place for planned admissions in non-contract hospitals in the event that such an admission is determined to be necessary by the MHP per CCR, Title 9, Chapter 11, §1810.310(a)(7).*

**Q4. Regarding non-hospital UR activities: What is the MHP's chart review responsibilities?**

A4. *MHPs' Quality Management (QM) Programs must conduct monitoring activities including clinical chart reviews; however, the DMH has no set standards for this. MHPs should follow the standards they establish in their QM programs. MHPs are encouraged to establish a percentage of charts to review and the frequency of these reviews. These MHP-established standards should be documented in the QM plan and adhered to.*

**Q5. When does an MHP have to disallow claims?**

A5. *There is no specific Title 9 regulation or DMH/MHP contract provision that requires MHPs to disallow claims. MHPs, however, are to operate their programs in compliance with federal and state laws and regulations governing the Medi-Cal program and the terms of their contracts. Oversight of staff and contract performance that includes the possibility of disallowance is one method for meeting this responsibility.*

*DMH has established criteria for disallowance of claims for use in its annual reviews of the MHPs. The DMH reviews the disallowance criteria annually and makes revisions as needed. Updates to disallowance criteria are posted on the DMH website and in the Annual Review Protocol for Consolidated Specialty Mental Health Services and Other Funded Services. For fiscal year 2002-03, the DMH uses the following criteria to disallow non-hospital claims:*

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- *Documentation in the chart does not establish that the beneficiary has a diagnosis contained in Section 1830.205(b)(1)(A-R).*
- *Documentation in the chart does not establish that, as a result of a mental disorder listed in Section 1830.205(b)(1)(A-R), the beneficiary has, at least, one of the following impairments:*
  - *A significant impairment in an important area of life functioning*
  - *A probability of significant deterioration in an important area of life functioning*
  - *A probability the child will not progress developmentally as individually appropriate*
  - *(For beneficiaries under the age of 21 years) A defect or mental illness that specialty mental health services can correct or ameliorate*

*MHPs may follow these criteria for disallowing claims, but may also establish additional, reasonable criteria for disallowing claims and specify them in their provider contracts.*

**Q6. Must written records be kept for non-hospital UR decision-making about authorization for payment, or can the authorization be done verbally?**

**A6.** *Both inpatient and outpatient UR decision-making/authorizations must be documented in writing and an NOA must be issued to the beneficiary depending on the action taken by the MHP per CCR, Title 9, Chapter 11 §1850.210. If an authorization is given to a provider verbally, that action must be documented so that authorizations can be effectively monitored.*